

# MAY 2005 UPDATE

## Investing For Your Future: A Cooperative Extension System Basic Investing Home Study Course (NRAES-156)

The following changes to *Investing For Your Future*, published in February 2002, update it for May 2005 and reflect enacted provisions of the 2003 tax law called the Jobs and Growth Tax Relief Reconciliation Act (JGTRRA). **This update sheet replaces the previous February 2005 update.**

- Due to an increase in the holding time on Series EE and Series I U.S. savings bonds, effective with issues dated on or after February 1, 2003, page 60, first sentence in second paragraph, should read:  
“Series EE and Series I bonds must be held one year before being eligible for redemption.”
- Page 66, line 6 of Collateralized Mortgage Obligations, should read:  
“Investors in a particular tranche receive periodic income payments (typically monthly) that differ from period-to-period and from other tranches.”
- Pages 81, 82, and 120: *Mutual Funds* magazine is no longer being published.
- Page 88, paragraph 2, should read:  
“There are six different tax rates in 2005—10%, 15%, 25%, 28%, 33%, and 35%. The higher your marginal tax rate, the more you, as an investor, benefit from pretax dollar contributions and tax-deferred earnings. Figure 1 shows the 2005 tax rate schedules for your reference in determining marginal tax rates. These figures are adjusted annually for inflation.”
- Figure 1, page 88, should include the following income ranges and marginal tax brackets to replace those in the previous version:

**Figure 1, Revised: 2005 Tax Rate Schedules**

**Caution:** Do not use these tax rate schedules to figure your 2004 taxes. Use only to figure your 2005 estimated taxes.

Single — Schedule X					Head of Household — Schedule Z				
If taxable income:		Then the tax is:			If taxable income:		Then the tax is:		
Is over-	But not over-	This amount	Plus	Of the amount over-	Is over-	But not over-	This amount	Plus	Of the amount over-
\$0	\$7,300	—	10%	\$0	\$0	\$10,450	—	10%	\$0
\$7,300	\$29,700	\$730.00	+15%	\$7,300	\$10,450	\$39,800	\$1,045.00	+15%	\$10,450
\$29,700	\$71,950	\$4,090.00	+25%	\$29,700	\$39,800	\$102,800	\$5,447.50	+25%	\$39,800
\$71,950	\$150,150	\$14,652.50	+28%	\$71,950	\$102,800	\$166,450	\$21,197.50	+28%	\$102,800
\$150,150	\$326,450	\$36,548.50	+33%	\$150,150	\$166,450	\$326,450	\$39,019.50	+33%	\$166,450
\$326,450	—	\$94,727.50	+35%	\$326,450	\$326,450	—	\$91,819.50	+35%	\$326,450
Married Filing Jointly or Qualifying Widow(er) — Schedule Y-1					Married Filing Separately — Schedule Y-2				
If taxable income:		Then the tax is:			If taxable income:		Then the tax is:		
Is over-	But not over-	This amount	Plus	Of the amount over-	Is over-	But not over-	This amount	Plus	Of the amount over-
\$0	\$14,600	—	10%	\$0	\$0	\$7,300	—	10%	\$0
\$14,600	\$59,400	\$1,460.00	+15%	\$14,600	\$7,300	\$29,700	\$730.00	+15%	\$7,300
\$59,400	\$119,950	\$8,180.00	+25%	\$59,400	\$29,700	\$59,975	\$4,090.00	+25%	\$29,700
\$119,950	\$182,800	\$23,317.50	+28%	\$119,950	\$59,975	\$91,400	\$11,658.75	+28%	\$59,975
\$182,800	\$326,450	\$40,915.50	+33%	\$182,800	\$91,400	\$163,225	\$20,457.75	+33%	\$91,400
\$326,450	—	\$88,320.00	+35%	\$326,450	\$163,225	—	\$44,160.00	+35%	\$163,225

Source: U.S. Department of the Treasury, Internal Revenue Service

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*(continued from other side)*

6. Pages 60 and 104: Effective May 1, 2005, investors who buy Series EE U.S. savings bonds will receive whatever rate is in effect at the time of purchase for the life of the bond. Prior to this date, interest rates on Series EE bonds changed every six months based on current interest rates. The change will not affect holders of Series EE bonds purchased before May 1, 2005, nor will it affect those holding Series I bonds, which are adjusted every six months for inflation. The change was made to save the federal government money in an environment of rising interest rates.
7. Pages 60 and 104: The EasySaver program that provided automatic debits from a bank account to purchase U.S. savings bonds was discontinued on March 31, 2005. Investors are, instead, encouraged to open an online TreasuryDirect account to schedule periodic electronic EE and I bond purchases. For further information about TreasuryDirect, see <[WWW.TREASURYDIRECT.GOV](http://WWW.TREASURYDIRECT.GOV)>.